

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2005-AH- 032**

IN THE MATTER OF:
ACCREDITED HOME LENDERS, INC.
D/B/A AXIOM FINANCIAL SERVICES, INC. D/B/A HOME FUNDS DIRECT

SETTLEMENT AGREEMENT

BACKGROUND AND FACTUAL FINDINGS

1. Accredited Home Lenders, Inc., d/b/a Axiom Financial Services, Inc., d/b/a Home Funds Direct ("Accredited") is licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage loan company. Accredited's principal office is at 15090 Avenue of Science, Suite 100, San Diego, California 92128 and its mortgage loan broker license number is 7744.

2. On June 13, 2005, an examination was conducted into the condition, workings and affairs of Accredited in order to determine whether there were any violations of law or any unauthorized unsafe practices or any failure to keep or have correct any required books and records.

1. In the course of that examination it was discovered that Accredited had fourteen individuals originating mortgage loans on Kentucky properties without being registered with OFI.

2. As of July 1, 2004, no mortgage loan broker and no loan officer may originate mortgage loans in Kentucky unless they are registered with OFI and have been issued a certificate of registration.

3. Accredited's employment of unregistered mortgage loan officers to originate loans on Kentucky properties was a violation of KRS 294.255(1).

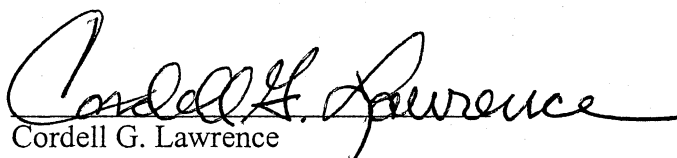
AGREEMENT AND ORDER

The Office of Financial Institutions and Accredited, in the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings, agree as follows:

1. Accredited Home Lenders, Inc., d/b/a Axiom Financial Services, Inc., d/b/a Home Funds Direct agrees to pay a fine in the amount of fourteen thousand (\$14,000) dollars.

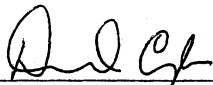
2. The fine shall be made payable to "Kentucky State Treasurer" and mailed to the Office of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

IT IS SO ORDERED on this the 20th day of October, 2005.


Cordell G. Lawrence
Executive Director

Consented to:

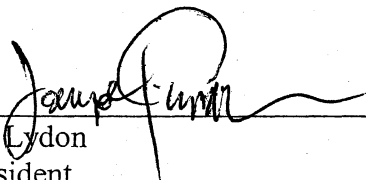
This 20th day of October, 2005



David Coyle, Director
Division of Financial Institutions
Office of Financial Institutions

Consented to:

This 31st day of October, 2005



Joe Lydon
President
Accredited Home Lenders, Inc.
d/b/a Axiom Financial Services, Inc. d/b/a Home Funds Direct